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IN THE

Supreme Court of the United States

OCTOBER TERM, 1972

No. 72-735

FILTROL CORPORATION and TEXACO INC.,
Petitioners,

v.

THE HONORABLE ROBERT J. KELLEHER
UNITED STATES DISTRICT JUDGE,
Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

WILLIAM K. KERR
Attorney for Petitioners
277 Park Avenue
New York, New York 10017

November 17, 1972

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Emphasis is ours throughout.

IN THE

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No. _____

FILTROL CORPORATION and TEXACO INC.,
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THE HONORABLE ROBERT J. KELLEHER
UNITED STATES DISTRICT JUDGE,
Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

Petitioners Filtrol Corporation (Filtrol) and Texaco Inc. (Texaco) pray that a writ of certiorari issue to review a decree of the United States Court of Appeals for the Ninth Circuit. The decree of the Court of Appeals denied a petition for a writ of mandamus directing respondent, the Honorable Robert J. Kelleher, United States District Judge, to stay trial of an action for alleged infringement of three patents, pending a decision on the merits in an earlier-tried action involving two of the three patents. The earlier-tried action was at the time of the decree and now is *sub judice.*

OPINION BELOW

The opinion of the Court of Appeals is reported at 175 USPQ 400. It is printed at pages 1A-9A of the appendix to this petition.

JURISDICTION OF THIS COURT

The decree of the Court of Appeals was entered on September 21, 1972. Jurisdiction of this Court is invoked under 28 U. S. C. § 1254(1).

QUESTIONS PRESENTED FOR REVIEW

1. Whether the Court of Appeals sanctioned a clear abuse of discretion, and thus a departure from the accepted and usual course of judicial proceedings, when it did not issue a writ of mandamus directing respondent to stay trial in an action for alleged infringement of three closely-related patents, pending decision on the merits in an earlier-tried action involving two of the three patents which was at the time of petitioners' application for a stay and now is *sub judice.*

2. Whether the Court of Appeals departed from the accepted and usual course of judicial proceedings when it elected to "express no opinion on whether the [respondent's] order [denying petitioners' application for a stay] was in fact the optimal balance of the various competing factors," even though the propriety of respondent's order raised a significant question with respect to proper judicial administration, taking into account this Court's decision in *Blonder-Tongue* v. *University Foundation,* 402 U. S. 313 (1971).

STATEMENT OF THE CASE

The Nature of the Case

This petition seeks review of a decree of the Court of Appeals for the Ninth Circuit, which denied a petition for a writ of mandamus filed by Filtrol and Texaco in the Court of Appeals on April 12, 1972.

Filtrol's and Texaco's petition for a writ of mandamus was generated by proceedings in *Mobil Oil Corporation* v. *Filtrol Corporation and Texaco Inc.,* two consolidated civil actions in the United States District Court for the Central District of California, and by the relationship between the issues and proceedings in those actions and the issues and proceedings in *Mobil Oil Corporation* v. *W. R. Grace & Company,* a civil action in the United States District Court for the District of Connecticut.

In the actions pending in California (the consolidated California actions), Mobil Oil Corporation alleges infringement by Filtrol and Texaco* of three patents. In the action pending in Connecticut (the Connecticut action), Mobil alleges infringement by W. R. Grace & Company of two of the patents asserted by Mobil in the consolidated California actions, plus another Mobil patent in the same field.

Statement of the Facts

On November 16, 1964, Mobil commenced Civil Action 64-1572 by filing a complaint in the United States District Court for the Southern District of California, Central Division (now the United States District Court for the Central District of California). Mobil's complaint averred infringement by Filtrol and Texaco of Mobil's Plank and Rosinski patents 3,140,249 (the '249 patent) and 3,140,253 (the '253 patent).

On November 4, 1966, Mobil commenced Civil Action 66-1779 by filing a complaint in the United States District Court for the Central District of California. This complaint averred infringement by Filtrol and Texaco of Mobil's Plank and Rosinski patent 3,271,418 (the '418 patent).

*Texaco is a nominal defendant. Filtrol has indemnified Texaco against any liability for infringement and Filtrol is paying the full expense incurred in conducting the defense of this litigation.

On November 16, 1966, the District Court consolidated Civil Actions 64-1572 and 66-1779.

On January 19, 1971, the consolidated California actions were assigned to the docket of District Judge Kelleher, the respondent. At that time, discovery in those actions had been completed, but a date for commencement of trial had not been set.

On March 8, 1971, the parties stipulated, with the approval of Judge Kelleher, to commencement of trial on October 25, 1971.

On September 20, 1971, at a pretrial conference, Judge Kelleher informed counsel that trial could not commence as scheduled, because he had not entered the October 25, 1971 date in his calendar. Judge Kelleher thereupon continued commencement of trial to March 14, 1972. That date was later continued by Judge Kelleher to April 18, 1972.

On February 15, 1972, Filtrol and Texaco filed a motion to stay proceedings in the consolidated California actions pending a decision on the merits in the Connecticut action. Trial of the Connecticut action, which involved Mobil's '249 and '253 patents,* had been concluded on December 17, 1971. The motion to stay was grounded primarily on this Court's opinion in *Blonder-Tongue* v. *University Foundation,* 402 U. S. 313 (1971). Based on that recent authority, a decision in the Connecticut action holding the '249 and '253 patents invalid would, in the absence of exceptional circumstances, entitle Filtrol and Texaco to judgment on the pleadings dismissing the complaints in the consolidated California actions with respect to those patents. And, because of the close relationship between the '249 patent and the '418 patent, a holding of invalidity with respect to the

*Mobil's complaint in the Connecticut action had alleged infringement also of its '418 patent, the third patent in suit in the consolidated California actions, but Mobil withdrew this patent with prejudice from the Connecticut action before trial.

'249 patent, would compel a judgment dismissing Mobil's complaint against Filtrol and Texaco for alleged infringement of the '418 patent also. *Helene Curtis Industries* v. *Sales Affiliates,* 247 F. 2d 940, 946 (2 Cir. 1957); *Mills Alloys* v. *Stoody Co.,* 94 F. 2d 413 (9 Cir. 1938). In an endeavor to conserve judicial resources and to eliminate the prospect of an unnecessary trial, Filtrol and Texaco voluntarily offered to be bound by a final adjudication in the Connecticut action favorable to Mobil with respect to validity of its patents.

On March 6, 1972, Mobil, implicitly agreeing that trial of the issue of validity of all three of its patents should be stayed pending a decision in the Connecticut action, filed a cross-motion for a separate trial limited to the patent infringement issues in the consolidated California actions.*

On March 24, 1972, after Filtrol's and Texaco's motion and Mobil's cross-motion had been briefed and argued, Judge Kelleher denied the former and granted the latter without opinion. Judge Kelleher's order, denying the motion and granting the cross-motion, is printed at pages 10A-11A of the appendix to this petition.

On April 11, 1972, Judge Kelleher denied an application by Filtrol and Texaco seeking to amplify his order of March 24, 1972 by including a provision allowing Filtrol and

*The office of a separate trial is to dispose of a complicated action on a simple, severable issue and thus to avoid a time-consuming, complicated trial, which would otherwise be unavoidable. A separate trial in a patent infringement action limited, at the instance of plaintiff, to the infringement issue does not satisfy any of these criteria. The infringement issue in a patent action is not a simple one (because it, like other patent issues, involves questions of technological fact); it is not a severable one (because it is inextricably intertwined with the issue of patent validity); and it does not dispose of a complicated case if it is decided in favor of the plaintiff (because the issue of validity remains to be tried). Furthermore, the infringement issues may never have to be tried in the consolidated California actions; if the decision on the validity issues in the Connecticut action is adverse to Mobil, the consolidated California actions will be disposed of by entry of a judgment on the pleadings.

Texaco to apply to the Court of Appeals for permission to take, pursuant to 28 U. S. C. § 1292(b), an immediate appeal from the portions of the District Court's order which denied Filtrol's and Texaco's motion to stay proceedings and granted Mobil's cross-motion for a separate trial limited to the issue of infringement.

On April 12, 1972, Filtrol and Texaco filed in the Court of Appeals for the Ninth Circuit a petition for a writ of mandamus, requesting a direction that Judge Kelleher stay proceedings in the consolidated California actions pending a decision on the merits in the Connecticut action. That petition is printed at pages 12A-13A of the appendix to this petition. Concurrently, Filtrol and Texaco filed a motion requesting the Court of Appeals to stay trial (scheduled to commence on April 18) of the infringement issue in the consolidated California actions, pending a ruling on the petition for a writ of mandamus.

On April 17, 1972, the Court of Appeals (Koelsch and Browning, JJ.) granted Filtrol's and Texaco's motion to stay the trial and ordered Judge Kelleher to answer Filtrol's and Texaco's petition by April 27, 1972.* Judge Kelleher declined to appear (Rule 21(b), F. R. A. P.), and Mobil answered in his stead. Oral argument was had on July 14, 1972, and on September 21, 1972, the Court of Appeals (Duniway, Goodwin and Wallace, JJ.) denied the petition for a writ of mandamus and dissolved the stay entered by Judges Koelsch and Browning. On November 6, 1972, Judge Kelleher scheduled trial, limited to the issue of infringement, for January 16, 1973.

Jurisdiction of the Courts Below

Jurisdiction of the United States Court of Appeals for the Ninth Circuit over Filtrol's and Texaco's petition for

*This order is printed at page 14A of the appendix to this petition.

a writ of mandamus was grounded on 28 U. S. C. § 1651(a).

Jurisdiction of the United States District Court for the Central District of California over Mobil's action under 35 U. S. C. § 281 for alleged patent infringement by Filtrol and Texaco was grounded on 28 U. S. C. § 1338(a).

ARGUMENT

1. The Court of Appeals Sanctioned a Clear Abuse of Discretion

The logic of Filtrol's and Texaco's motion to stay proceedings in the consolidated California action pending a decision on the merits of the Connecticut action is self-evident. In these days of crowded dockets and excessive demands on judicial resources, it does not make sense from the standpoint of the Federal Court system, from the standpoint of the litigants, or from the standpoint of counsel to try any part of an action for alleged patent infringement which may never have to be tried at all.

Each of the considerations which this Court articulated in *Blonder-Tongue* v. *University Foundation*, 402 U. S. 313 (1971) in support of its conclusion that a patentee not be permitted to litigate the validity of a patent once held to be invalid applies with equal force and persuasion to the facts of this case. These considerations compel the conclusion that the consolidated California actions before Judge Kelleher should have been, and should now be, stayed pending the outcome of the Connecticut action:

a. The impact of crowded dockets on the public interest in efficient judicial administration (402 U. S. at 328, 348-49)

The docket of the United States District Court for the Central District of California is, like the docket of many other Courts, crowded. Plainly, Judge Kelleher

will not ameliorate that situation by trying, in whole or in part, what is potentially an unnecessary patent case.

b. The misallocation of resources consequent to relitigation of a decided issue (402 U. S. at 329, 334-38)

If trial of the consolidated California actions is not stayed, Mobil will be expending funds in litigation on behalf of patents whose validity is already *sub judice*. More disturbingly, Mobil will be forcing Filtrol to divert its funds to litigation of patents with respect to which, because they may be invalid, Filtrol may have no justiciable interest. Certainly, there are more worthwhile endeavors to which both Mobil and Filtrol can devote their resources.

c. The anti-competitive impact of relitigation of invalid patents (402 U. S. at 338-48)

If Filtrol settles with Mobil rather than going to trial in this second suit against it* for alleged infringement of Mobil patents, such a settlement will have several undesirable economic consequences. Primarily, it will result, at least for the time being, in the extraction from Filtrol and from Filtrol's customers of royalties under patents which may not satisfy the Congressionally-imposed criteria for patentability. Secondarily, such a settlement will provide Mobil with another licensee to whom Mobil would surely point in the Connecticut

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*Mobil has asserted six closely-related patents against Filtrol and Texaco. The first suit to go to trial was one commenced in 1969. It involved three Mobil patents not in suit in the consolidated actions before Judge Kelleher. Trial of this action took place during the summer of 1970, and in January of 1971, the Honorable Warren J. Ferguson, United States District Judge, held that Filtrol and Texaco had not infringed Mobil's patents and dismissed Mobil's complaint. That case is now before the Court of Appeals for the Ninth Circuit.

action as one who had recognized the "merit" and thus the validity of Mobil's patents.

The opinion of the Court of Appeals virtually ignores *Blonder-Tongue,* and does not even pay lip service to the important considerations iterated in *Blonder-Tongue* against spending time and money in the cause of invalid patents. The opinion does not even attempt to reconcile these considerations with Judge Kelleher's decision to press forward to trial.

The only acknowledgment by the Court of Appeals that *Blonder-Tongue* and the co-pendency of the Connecticut action might provide a basis for staying the consolidated California actions is its passing reference to the practice of staying patent infringement actions pending decision in co-pending patent interference proceedings:

> "Trial courts in patent infringement actions have often [*] stayed proceedings in those actions until a pending administrative interference proceeding resolves the priority of various claimants to the invention in question. *Childers Foods, Inc.* v. *Rockingham Poultry Market Co-op.*, W. D. Va., 1962, 203 F. Supp. 794; *Research Corp.* v. *Radio Corporation of America,* D. Del. 1960, 181 F. Supp. 709. If the decision in the interference proceeding were to go against the party claiming the patent in the court action, then there would be no necessity for

*This is an understatement of the generality of the practice. We are not aware of any reported decision, subsequent to the enactment of 35 U. S. C. § 135(a) (providing for cancellation of losing interference party's patent claims), in which a stay of a patent infringement action pending an interference was refused. The only unreported decision refusing such a stay of which we are aware was reversed in *ACF Industries, Incorporated* v. *Guinn*, 384 F. 2d 15, 19-21 (5 Cir. 1967).

> a trial, since that party would no longer be the holder of an arguably valid patent. An erroneous refusal to grant a stay pending the outcome of an interference proceeding, which amounts to a clear abuse of the district judge's discretion, will be corrected by the Court of Appeals through a writ of mandamus. *ACF Industries, Inc.* v. *Guinn, supra.*" *Infra,* p. 4A.

Even apart from the strong considerations explicated by this Court in *Blonder-Tongue,* we submit that the sound rationale which compels staying a patent infringement action during an interference proceeding also compels staying a patent infringement action when a co-pending infringement action, *sub judice* in another Federal Court, may eliminate the patentee's cause of action.

In reaching its conclusion that Judge Kelleher did not commit "such an unreasonable exercise of judgment as to be an abuse of discretion" the Court of Appeals tried to strike a "balance" between the common sense of not trying a case which may not have to be tried and several other "circumstances" (*infra,* p. 6A).

The principal defect in the balancing approach adopted by the Court of Appeals is that it did not give weight to the controlling considerations catalogued by this Court in *Blonder-Tongue.*

A secondary defect in the Court of Appeals' approach is that none of the "factors" or "circumstances" which the Court balanced against the common sense of not going forward is, on analysis, a sound "factor" or "circumstance." The Court of Appeals was wrong when it said (*infra,* p. 5A) that "the pendency of the Connecticut action does not guarantee that the validity issue will not ultimately have to be tried in the California action." If Mobil loses in Connecticut on the issue of validity, *Blonder-Tongue* will

estop Mobil,* and if Mobil prevails on that issue in Connecticut, Filtrol's and Texaco's offer to be bound by such a result (an offer the Court of Appeals elided to mention) will disqualify them from litigating validity in California. The Court of Appeals was wrong also when it implied (*infra*, p. 6A) that there were "seven years of delay" in getting the consolidated California actions to trial, and that Filtrol and Texaco were responsible for that delay. The consolidated California actions were not set for trial until 1971 because Mobil pressed successfully to have the action pending before Judge Ferguson tried first (*supra*, p. 8n). Furthermore, far from resisting trial in the consolidated actions pending before Judge Kelleher, Filtrol and Texaco stipulated to the first trial setting made in those cases. Filtrol and Texaco moved to stay the consolidated California actions only after two intervening events had occurred, namely, vacation of Judge Kelleher's first trial setting and trial and submission of the Connecticut action.

The Court of Appeals was wrong once more when it accorded weight (*infra*, p. 6A) to the fact that "the financial ability of petitioner Filtrol to respond in damages to a possible award in favor of Mobil" was "brought into

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*Counsel for Mobil has acknowledged that the narrow exceptions to *Blonder-Tongue* probably would not apply here.

> "[COUNSEL FOR FILTROL AND TEXACO]: . . . The first holding of invalidity operates to estop the patent owner from continuing to litigate that patent.
>
> "Now, if the District Court in Connecticut held the patents invalid and then the Second Circuit Court of Appeals reversed and held the patents valid, then of course Blonder-Tongue would no longer apply. But during the time that those patents are held invalid by the District Court the patent owner under Blonder-Tongue is estopped from litigating those patents in another district.
>
> * * *
>
> "[COUNSEL FOR MOBIL]: I concur. There are certain exceptions, but I doubt that they would apply here. . . ."

question." For such a fact to have any weight it should have been proven, or at least supported by some evidence, and not just "brought into question" by Mobil's counsel. And even if it be assumed, *arguendo*, that this "fact" was proven, we submit that it should militate towards a stay, rather than towards a potentially unnecessary trial. As this Court pointed out in *Blonder-Tongue*, one of the compelling reasons why relitigation of invalid patents had to be halted was that such relitigation permitted a wealthly patentee to use such patents in an anti-competitive fashion to harass less prosperous, alleged infringers who might not have been in a position to contest the patentee's claims (402 U. S. at 334-48). The same logic compels a temporary stay of the consolidated California actions and a halt to Mobil's further harassment of Filtrol pending the decision in the Connecticut action.

Mobil is entitled to a "day in Court" to test the validity of its patents (402 U. S. at 340). It had that day in the Connecticut action. If the decision in the Connecticut action is such that Mobil is entitled to other days against other alleged infringers because its patents are valid, so be it. But until and unless such a decision is rendered by the Connecticut District Court, no public interest is served by allowing Mobil to waste valuable Court time, and to assert against Filtrol and Texaco what may soon be invalid patent claims.

Judge Kelleher committed a clear abuse of discretion when he refused to stay the trial of the consolidated California actions. In doing so, he knocked a gaping hole in *Blonder-Tongue's* salutary proscription against relitigation of invalid patents. If the course adopted by Judge Kelleher and endorsed by the Court of Appeals is not checked by this Court, resourceful patentees will be able to evade the safeguards erected in *Blonder-Tongue* by pressing their multiple actions to trial concurrently—or,

as Mobil has, in such close sequence that another is tried before the first is decided.

By declining to issue a writ of mandamus, the Court of Appeals sanctioned Judge Kelleher's clear abuse of discretion and placed its imprimatur on his derogation of *Blonder-Tongue*. A writ of certiorari should issue to correct Judge Kelleher's clear abuse of discretion and to extirpate at its incipiency Judge Kelleher's exception to the rule of *Blonder-Tongue* which will, practically speaking, otherwise become the rule.

2. The Court of Appeals Departed from the Accepted and Usual Course of Judicial Proceedings When It Elected to Express No Opinion on a Question of First Impression Regarding a Significant Problem of Judicial Administration

A writ of certiorari should issue to review the Court of Appeals' disposition of Filtrol's and Texaco's petition for a writ of mandamus for the additional reason that the Court elected, after considerating what it believed to be "the various competing factors," to "express no opinion on whether [Judge Kelleher's] order [denying Filtrol's and Texaco's application for a stay] was in fact the optimal balance" (*infra*, p. 6A). The "optimal balance" would have been a stay of the consolidated California actions, and the Court of Appeals should have said so. Its election not to say so was, in and of itself, a departure from the accepted and usual course of judicial proceedings.

One office of a writ of mandamus is to serve a "didactic function," *Will* v. *United States*, 389 U. S. 90, 107 (1967), enabling the Courts of Appeals to discharge their responsibility of "supervisory control of the District Courts [which] is necessary to proper judicial administration in the federal system." *La Buy* v. *Howes Leather Co.*, 352 U. S. 249, 259-60 (1957).

In declining to provide any guidance with regard to the basic question raised by Filtrol's and Texaco's petition, the Court of Appeals for the Ninth Circuit did not discharge its supervisory responsibility. In adopting a policy of deference in the face of a question of first impression after *Blonder-Tongue*, the Court also put itself in conflict with the Courts of Appeals for the First Circuit, the Second Circuit and the Sixth Circuit.

In re Ellsberg, 446 F. 2d 954 (1 Cir. 1971) (petition for writ of mandamus denied):

> "The case law provides some help in giving contour to 'extraordinary circumstances'. One category of cases involves a 'clear abuse of discretion'. . . .
>
> "A second category of cases where mandamus has been deemed appropriate concerns those in which the writ has been used 'to confine an inferior court to a lawful exercise of its prescribed jurisdiction or to compel it to exercise its authority when it is its duty to do so.' *Roche* v. *Evaporated Milk Assn.*, 319 U. S. 21, 26, 63 S. Ct. 938, 941, 87 L. Ed. 1185 (1943), quoted with approval in *Will* v. *United States, supra*, 389 U. S. at 95, 88 S. Ct. 269. . . .
>
> "Arguably, however, this case falls within the final category of supervisory writs of mandamus, those raising *important issues of first impression. Schlagenhauf* v. *Holder, supra*, 379 U. S. at 110, 85 S. Ct. 234. . . ." *Id.* at 956.

Investment Properties International, Ltd. v. *IOS, Ltd.*, 459 F. 2d 705 (2 Cir. 1972) (petition for writ of mandamus granted):

> "Judge Bonsal clearly had the power to vacate plaintiffs-petitioners' notices of deposition. Fed. R.

> Civ. P. 26(c)(1). Nevertheless, *the issue here is one of first impression,* and the vacation reveals, through its consequences, an abuse of discretion. . . ." *Id.* at 707.

United States v. *United States Dist. Ct. for E. D. of Mich.*, 444 F. 2d 651 (6 Cir. 1971), affirmed 407 U. S. 297, 301 n.3 (1972) (petition for writ of mandamus denied):

> "If this were not enough to occasion our deciding this case on the merits rather than on procedural grounds, it also clearly appears that the issue posed here is a basic issue which has never been decided at the appellate level by any Court. It has been decided favorably to the government's position by two District Courts and adversely to the government by two others. The Courts of Appeals have the power to review by mandamus *'an issue of first impression,' Schlagenhauf* v. *Holder,* 379 U. S. 104, 110, 85 S. Ct. 234, 13 L. Ed. 2d 152 (1964), involving a 'basic and undecided problem.' *Id.* at 110, 85 S. Ct. 234." 444 F. 2d at 655-56.

The practice of dealing with, and resolving, important administrative questions of first impression is plainly more desirable than a practice of expressing "no opinion." A writ of certiorari should issue to place the practice of the Court of Appeals for the Ninth Circuit in conformity with the practice of other Courts of Appeals and to ensure against the future delegation of the decision of such questions to this Court.

CONCLUSION

This petition presents straightforward, but significant, current questions with respect to the proper course and administration of judicial proceedings in the United States District Courts and the United States Court of Appeals.

A writ of certiorari should issue to correct the abuse of discretion committed by the respondent District Judge when he decided to try a patent infringement case which may never have to be tried and to forestall the inevitability, contrary to the philosophy of this Court's opinion in *Blonder-Tongue,* of similar abuses on similar facts in other Courts. It should issue also to temper the questionable deference displayed by the Court of Appeals for the Ninth Circuit in the face of a basic question of first impression.

Respectfully submitted,

WILLIAM K. KERR
Attorney for Petitioners
277 Park Avenue
New York, New York 10017

November 17, 1972

Opinion of Court of Appeals

UNITED STATES COURT OF APPEALS

FOR THE NINTH CIRCUIT

FILTROL CORPORATION and TEXACO, INC., *Petitioners,* vs. THE HONORABLE ROBERT J. KELLEHER, United States District Judge, *Respondent.*	No. 72-1643

[September 21, 1972]

On Petition for Writ of Mandamus

Before: DUNIWAY, GOODWIN and WALLACE, Circuit Judges

DUNIWAY, Circuit Judge:

Filtrol Corporation and Texaco, Inc., defendants in a patent infringement action brought by Mobil Oil Corporation in the district court for the Central District of California, petition this court for a writ of mandamus directing the district judge (1) to vacate his order denying a stay of the proceedings pending the outcome of similar litigation in the district court for the District of Connecticut and granting Mobil's motion for a separate trial limited solely to the issue of patent infringement and (2) to enter an order staying proceedings in the California action until a decision has been rendered on the merits in the Connecticut case. Because we find the judge's order to have been a lawful exercise of his considerable discretion in these matters, we deny the petition.

Opinion of Court of Appeals

Facts

Mobil Oil Corporation filed two separate actions (which were later consolidated) in the District Court for the Central District of California in 1964 and 1966, alleging infringement by Filtrol and Texaco of three patents held by Mobil. Mobil filed a similar suit, involving the same patents, against W. R. Grace & Co. in the district court in Texas; that action was later transferred to the District of Connecticut, where it was tried beginning on November 16, 1971, as to two of the three patents (the third patent having been withdrawn with prejudice from the suit). No decision has yet been rendered by the district court in Connecticut.

On February 11, 1972, Filtrol and Texaco asked the district court in the California action to stay all proceedings pending the outcome of the Connecticut action, arguing that a decision there that Mobil's patents are invalid would be binding in the California case under the doctrine of *Blonder-Tongue Laboratories, Inc.* v. *University of Illinois Foundation*, 1971, 402 U. S. 313, and that thus the necessity of any trial in the California case might be eliminated. The court denied the stay and instead ordered an immediate trial limited to the issue of infringement, awaiting the Connecticut court's determination of the validity issue. Petitioners asked the judge to certify an appeal of his order under 28 U. S. C. § 1292(b), but that request was denied. This petition for a writ of mandamus followed.

Availability of Mandamus

Although writs of mandamus are among "the most potent weapons in the judicial arsenal" and therefore should be sparingly used only in extraordinary circumstances amounting to a "judicial usurpation of power," *Will* v.

United States, 1967, 389 U. S. 90, 95, 107, the writ is available to correct a district judge's abuse of discretion. *La Buy* v. *Howes Leather Co.*, 1957, 352 U. S. 249, 256-57; *CMAX, Inc.* v. *Hall*, 9 Cir., 1962, 300 F. 2d 265, 268; *Chronicle Publishing Co.* v. *National Broadcasting Co.*, 9 Cir., 1961, 294 F. 2d 744, 746-47. Thus the only question we need decide is whether the judge abused his discretion.

1. DENIAL OF THE STAY.

The district court has the power to issue the stay requested by petitioners. As this court has held,

> "A district court has inherent power to control the disposition of the causes on its docket in a manner which will promote economy of time and effort for itself, for counsel, and for litigants. The exertion of this power calls for the exercise of a sound discretion. Where it is proposed that a pending proceeding be stayed, the competing interests which will be affected by the granting or refusal to grant a stay must be weighed. Among these competing interests are the possible damage which may result from the granting of a stay, the hardship or inequity which a party may suffer in being required to go forward, and the orderly course of justice measured in terms of the simplifying or complicating of issues, proof, and questions of law which could be expected to result from a stay. See *Landis* v. *North American Co.*, 1936, 299 U. S. 248, 254-55." *CMAX, Inc.* v. *Hall, supra*, at 268.

The propriety of a grant or denial of such a stay may be tested in the Court of Appeals by way of mandamus. *Id.* *ACF Industries, Inc.* v. *Guinn*, 5 Cir., 1967, 384 F. 2d 15, 18.

Trial courts in patent infringement actions have often stayed proceedings in those actions until a pending administrative interference proceeding resolves the priority of various claimants to the invention in question. *Childers Foods, Inc.* v. *Rockingham Poultry Market Co-op.*, W. D. Va., 1962, 203 F. Supp. 794; *Research Corp.* v. *Radio Corporation of America*, D. Del. 1960, 181 F. Supp. 709. If the decision in the interference proceeding were to go against the party claiming the patent in the court action, then there would be no necessity for a trial, since that party would no longer be the holder of an arguably valid patent. An erroneous refusal to grant a stay pending the outcome of an interference proceeding, which amounts to a clear abuse of the district judge's discretion, will be corrected by the Court of Appeals through a writ of mandamus. *ACF Industries, Inc.* v. *Guinn*, *supra*.

Petitioner argues that this judicial policy of staying court proceedings pending the outcome of an administrative patent proceeding should be extended to require a stay when there is a pending court action in another district which will determine the issue of validity of the patent. The argument is based upon the Supreme Court's holding in *Blonder-Tongue*, *supra*, that a defendant in a patent infringement suit may rely on the affirmative defense of collateral estoppel to prevent the plaintiff from asserting the validity of a patent which has been found invalid by another federal court. In the context of this case, petitioner argues that because a finding of the invalidity of Mobil's patents by the court in Connecticut would destroy the basis for Mobil's claims in the California suit, the judge should have issued a stay and awaited the outcome of the Connecticut suit.

The question before us is not whether we think that the judge should or should not have granted the stay, but

whether his refusal to do so was abuse of discretion. After carefully reviewing the record, we cannot say that the denial of the stay amounted to such an abuse. *Blonder-Tongue* does not require that a district court with a justiciable controversy before it await the outcome of a pending action in another district. *See Patentex, Inc.* v. *Manhattan Hosiery Corp.*, D. P. R., 1971, ... F. Supp. ....., 171 U. S. P. Q. 693. *Blonder-Tongue* only permits the defense of collateral estoppel to be raised once the issue of patent validity has already been *decided* in another court against the party claiming the patent; that has not occurred here.

Moreover, the pendency of the Connecticut action does not guarantee that the validity issue will not ultimately have to be tried in the California action. This is because *Blonder-Tongue* will apply only if the issue of validity is decided against Mobil in the Connecticut case. If the patents are held valid in that case, petitioners could retry the issue in the California case. Also, if the patents are held invalid in the Connecticut case, Mobil could still attempt to show, in the California case, that it "did not have 'a fair opportunity procedurally, substantively and evidentially to pursue [its] claim the first time'" in the Connecticut case. *Blonder-Tongue, supra,* 402 U. S. at 333.

Nevertheless, in an effort to conserve judicial resources and avoid unnecessary duplication, the judge postponed consideration of the validity question under submission to the court in Connecticut on the ground that a decision in that court against Mobil would provide petitioners with a defense to this section.

However, with full recognition of the effect of *Blonder-Tongue* and the other competing considerations, the judge

also decided that granting a stay of all proceedings would not promote "economy of effort for [the court], for counsel, and for litigants." *Landis* v. *North American Co.*, 1936, 299 U. S. 248, 254-55. Rather, that end would best be served by proceeding with a trial on the issue of infringement alone. He had before him a record which detailed seven years of delay, during which petitioners continued to reap the benefits of their alleged infringement of Mobil's claimed patents, which brought into question the financial ability of petitioner Filtrol to respond in damages to a possible award in favor of Mobil, and which revealed other relevant considerations. While we express no opinion on whether the judge's order was in fact the optimal balance of the various competing factors, we find that in the circumstances of this case, his refusal to stay all proceedings pending the outcome of litigation in the Connecticut court was not such an unreasonable exercise of judgment as to be an abuse of discretion.

2. SEPARATE TRIAL ON INFRINGEMENT ISSUE.

Pursuant to Rule 42(b), F.R.Civ.P., the judge ordered a separate trial on the issue of infringement alone, leaving for later determination in light of the outcome of the Connecticut action the validity issue. To effect the purposes of Rule 42(b), the trial court must, of course, be given considerable discretion in determining what is "in furtherance of convenience or [will] avoid prejudice" or what "will be conducive to expedition and economy." Rule 42(b); *Rossano* v. *Blue Plate Foods, Inc.*, 5 Cir., 1963, 314 F. 2d 174, 176, *cert. denied*, 375 U. S. 866. In exercising that discretion, courts have ordered separate trials for various

issues in patent infringement actions,[1] including instances in which the issue of validity was separated from the issue of infringement.[2] In *Woburn DeGreasing Co. of N. J.* v *Spencer Kellogg & Sons,* W. D. N. Y., 1941, 37 F. Supp. 311, the court ordered a separate trial on the issue of validity of the patent. "Within its sound discretion the court has a right to order separate trials on issues of validity and infringement in patent suits. Sound discretion must be based on considerations of convenience and prejudice as respects the several parties." 37 F. Supp. at 312. *Woburn* has been cited with approval in a number of subsequent decisions; *see, e.g., Reines Distributors, Inc.* v. *Admiral Corp.,* S. D. N. Y., 1965, 257 F. Supp. 619, 621.

In *Foster Grant Co., Inc.* v. *Polymer Corp.,* E. D. Pa., 1960, 185 F. Supp. 619, the court limited the trial initially to the question of infringement: "While this Court recognizes that generally it is the better practice and more in the public interest to resolve the issue of validity of a patent, as well as the issue of infringement, rather than leave the patent remain as a 'scarecrow in the art,' this is not an

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[1]*See generally Cataphote Corp.* v. *DeSoto Chemical Coatings, Inc.,* 9 Cir., 1966, 356 F. 2d 24, 27 n. 5, *cert. denied,* 385 U. S. 832 (patent invalidity because of public use or sale more than one year prior to the application); *Laitram Corp.* v. *Deepsouth Packing Co.,* E. D. La., 1968, 279 F. Supp. 883 (issue of estoppel); *McFarlane* v. *Resenite Corp.,* N. D. Ill., 1967, 273 F. Supp. 224 (issue of correctness of decision of Board of Patent Interference); *Aldridge* v. *General Motors Corp.,* S. D. Cal., 1959, 178 F. Supp. 839 (defense of file wrapper estoppel); *Air King Products Co., Inc.* v. *Hazeltine Research Inc.,* E. D. N. Y., 1950, 10 F. R. D. 381 (issue of validity and enforceability of patent licensing agreement). *Cf. Richmond* v. *Weiner,* 9 Cir., 1965, 353 F. 2d 41, 44-45 (issue of sufficiency of plaintiff's title to maintain a copyright action).

[2]Likewise courts have refused on occasion to order separate trials on the issues of patent infringement and validity. *Conmar Products Corp.* v. *Lamar Slide Fastener Corp.,* S. D. N. Y., 1942, 50 F. Supp. 1019

absolute rule. There are undoubtedly situations in which it is appropriate to withold a finding as to validity of a patent where non-infringement is established. See Belanger & Sons v. Brisk Waterproofing Co., D. C. D. Mass., 1954, 116 F. Supp. 127, and cases there cited. We think the present case may well present such a situation." 185 F. Supp. at 621.

Likewise, in this action, a finding by the court of non-infringement would end the matter, the court could dispose of the case without having to await the outcome of the Connecticut action. Moreover, the issue of validity has already been tried in another case. Thus there is here little danger that the patents, if invalid will remain as "scarecrows in the art."

Petitioners argue, however, that if infringement is found, no final judgment can be entered until the question of validity is determined. From this, they reason that a separate trial on the infringement issue alone is unconstitutional as lacking a genuine controversy. The contention is without merit: nothing in the Constitution requires that all issues necessary to the final disposition of a "case or controversy" be heard and determined at a single sitting. We agree with the Fifth Circuit in *Rossano* v. *Blue Plate Foods, Inc., supra,* 314 F. 2d at 176:

> "The validity of the trial Court's call for limited trial is not dependent, of course, on the actual conclusion of the entire case on that single issue. In limiting the proof to one matter, there is never a requirement that the Court's recognition of serious issues before trial be ultimately resolved after such trial in favor of the party who first suggested the existence of the issue. It is enough that there be on record at the time a substantial issue of fact which,

> if determined in favor of defendant, will eliminate expense for all concerned without prejudicing the rights of the parties."

We cannot label as clear error or an abuse of discretion the judge's conclusion that this is a case in which a separate trial of one issue is appropriate, by considering convenience, economy, and expediency. Certainly his decision is not constitutionally infirm.

The petition is denied. The stay heretofore ordered by this court is dissolved.

Order of Respondent

UNITED STATES DISTRICT COURT

FOR THE CENTRAL DISTRICT OF CALIFORNIA

MOBIL OIL CORPORATION, *Plaintiff,* v.	CIVIL No. 64-1572-RJK
FILTROL CORPORATION, TEXACO, INC., *Defendants.*	CIVIL No. 66-1779-RJK

[MARCH 24, 1972]

ORDER DENYING DEFENDANTS' MOTION TO STAY PROCEEDINGS AND GRANTING PLAINTIFF'S MOTION TO LIMIT THE ISSUES AT TRIAL

These matters came on for hearing on March 13, 1972, on defendants' motion to stay these proceedings pending the entry of judgment by the United States District Court for the District of Connecticut in *Mobil Oil Corporation* v. *W. R. Grace & Co.,* Civil Action No. 14,589, and plaintiff's motions: (A) to limit trial in these cases to the issue of infringement of the three patents here in suit and to be bound on the issues of validity and enforceability by the decision of the District Court in *Mobil Oil Corporation* v. *W. R. Grace & Co., supra,* or, alternatively, (B) to limit trial in these cases to the issue of infringement of the three patents here in suit and to stay trial on the remaining issues pending determination of infringement.

The Court having heard the argument of counsel, having taken the motions under submission, being fully advised

and upon the representations of counsel that a mutually satisfactory proposed Pretrial Conference Order, limited to the issue of infringement and in full compliance with Local Rule 9 of the Local Rules of the Central District of California, can be mutually agreed upon, prepared, served and lodged not later than April 11, 1972,

IT IS ORDERED:

1. That defendants' motion to stay proceedings in these cases be and the same is hereby denied;

2. That plaintiff's motion to limit trial in these cases to the issue of infringement and to be bound on the issues of validity and enforceability by the decision in *Mobil Oil Corporation* v. *W. R. Grace & Co., supra,* be and the same is hereby denied; and

3. That plaintiff's motion to limit trial in these cases to the issue of infringement and to stay trial on the remaining issues pending determination of infringement be and the same is hereby granted.

IT IS FURTHER ORDERED that the Clerk of the Court send, by United States mail, copies of this Order to all counsel herein.

DATED: March 24, 1972

ROBERT J. KELLEHER
Robert J. Kelleher
United States District Judge

UNITED STATES COURT OF APPEALS

FOR THE NINTH CIRCUIT

FILTROL CORPORATION and TEXACO, INC., *Petitioners,* vs. THE HONORABLE ROBERT J. KELLEHER, United States District Judge, *Respondent.*	No. 72-1643

PETITION FOR WRIT OF MANDAMUS

Filtrol Corporation and Texaco Inc. petition this Court for a Writ of Mandamus directing the Honorable Robert J. Kelleher, United States District Judge, to:

(1) Vacate the portions of the order entered by him on March 24, 1972 in *Mobil Oil Corporation* v. *Filtrol Corporation and Texaco Inc.,* consolidated Civil Actions 64-1572 and 66-1779 in the United States District Court for the Central District of California, which: (a) denied the motion of Filtrol Corporation and Texaco Inc. to stay proceedings in those consolidated actions, and (b) granted the motion of Mobil Oil Corporation for a separate trial in those consolidated actions limited to the issue of patent infringement; and

(2) Enter an order in *Mobil Oil Corporation* v. *Filtrol Corporation and Texaco Inc.,* consolidated Civil Actions 64-1572 and 66-1779 in the United States District Court for the Central District of California, staying proceedings

in those consolidated actions pending a decision on the merits by the United States District Court for the District of Connecticut in the related case of *Mobil Oil Corporation* v. *W. R. Grace & Company,* Civil Action 14,589 now under submission to that Court.

Filtrol and Texaco are filing concurrently with this petition a Memorandum in Support.

Respectfully submitted,

THELEN, MARRIN, JOHNSON & BRIDGES

By JOHN G. FLETT
John G. Flett
Attorneys for Petitioners

Of Counsel:

William K. Kerr
Fish & Neave
277 Park Avenue
New York, New York 10017

April 12, 1972

Order of Court of Appeals Staying Trial Pending Determination of Petition for Writ of Mandamus

UNITED STATES COURT OF APPEALS

FOR THE NINTH CIRCUIT

FILTROL CORPORATION and TEXACO, INC., *Petitioners,* vs. THE HONORABLE ROBERT J. KELLEHER, United States District Judge, *Respondent.*	No. 72-1643

Before: KOELSCH and BROWNING, Circuit Judges

ORDER [April 17, 1972]

Filtrol Corporation and Texaco, Inc. have filed "Motion for Order Granting Leave to File Petition for Writ of Mandamus and Petition for Writ of Mandamus."

Treating said moving papers simply as a petition for Writ of Mandamus—leave to file being no longer necessary (Rule 21(a) F. R. App. P.), and good cause appearing,

IT IS ORDERED that respondent, The Honorable Robert J. Kelleher as United States District Judge [Mobil Oil Corp., real party in interest] answer the said petition by not later than Thursday, April 27, 1972; that pending determination of the said application for writ, trial of consolidated civil causes Nos. 64-1572 and 66-1779 in the United States District Court, for the Central District of California, is stayed.

M. OLIVER KOELSCH
JAMES M. BROWNING
United States Circuit Judges

Supreme Court, U. S.
FILED
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JR., CLERK

IN THE

Supreme Court of the United States

October Term, 1972

No. 72-735

FILTROL CORPORATION and TEXACO INC.,

Petitioners,

v.

THE HONORABLE ROBERT J. KELLEHER,
UNITED STATES DISTRICT JUDGE,

Respondent.

BRIEF IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT BY MOBIL OIL CORPORATION (REAL PARTY IN INTEREST)

GEORGE B. FINNEGAN, JR.
JOHN A. DIAZ
J. ROBERT DAILEY
MORGAN, FINNEGAN, DURHAM & PINE
Attorneys for Respondent Mobil
345 Park Avenue
New York, New York 10022

December 15, 1972

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IN THE

Supreme Court of the United States

October Term, 1972

No. 72-735

FILTROL CORPORATION and TEXACO INC.,
Petitioners,

v.

THE HONORABLE ROBERT J. KELLEHER,
UNITED STATES DISTRICT JUDGE,
Respondent.

BRIEF IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT BY MOBIL OIL CORPORATION (REAL PARTY IN INTEREST)

Question for Review

Petitioners seek to have this Court review an order by the Honorable Robert J. Kelleher, United States District Judge, whereby he: (a) denied Petitioners' motion for a complete stay in a seven (7) year old patent infringement action and (b) granted Respondent Mobil's cross motion to limit trial to the issue of infringement and to stay trial on all remaining issues, *including patent validity.*

The sole question raised by Petitioners' brief is whether this Court should devote its time and energies to a review of the manner in which a district court judge regulates his trial calendar. We respectfully submit that no public purpose would be served by such a review. Consequently, grant of certiorari is not warranted. *Rice* v. *Sioux City Memorial Park Cemetery*, 349 U.S. 70, 79 (1955).

Statement of Additional Material Facts

Petitioners' statement of facts is supplemented by these additional material facts:

The three patents in suit before Judge Kelleher are United States Letters Patent Nos. 3,140,249 ("249"), 3,140,253 ("253") and 3,271,418 ("418"). The 249 and 253 patents, which are also involved in the Connecticut Action, issued to Respondent Mobil on July 7, 1964 and will expire on July 7, 1981. All three patents relate to radically new catalysts which have revolutionized the petroleum refining industry.

The first of these two consolidated actions for patent infringement was filed in November 1964. These cases were not assigned to Judge Kelleher until January 1971. In March 1971 counsel for the parties stipulated a trial date of October 25, 1971, which was a holiday. At a pre-trial conference on September 20, 1971, Judge Kelleher advised the parties that the stipulated trial date had not been docketed, that October 25 was a holiday and that the trial could not proceed on the day following the holiday because he had several criminal cases set for trial on that date, which cases were entitled to calendar preference.

Petitioners subsequently brought on their motion for a complete stay and Mobil cross moved for separate trial of the infringement issue and a stay of trial on the remaining issues. After considering the points and authorities furnished to him by the parties and hearing the arguments of counsel Judge Kelleher denied Petitioners' motion for a complete stay, ordered trial on the limited issue of infringement to proceed on April 18, 1972, and stayed trial on all other issues, including patent validity. (See Appendix, pp. A5-A8, *infra*.)*

Thereafter, on April 12, 1972, the Petitioners filed a Petition for Writ of Mandamus with the United States Court of Appeals for the Ninth Circuit. The Court of Appeals granted a stay of the trial without hearing and before Mobil had filed its answer and memorandum in support of its answer, principally, it is believed, because: (1) Petitioners grossly misquoted the record below so as to make it appear that Judge Kelleher had acted arbitrarily and unreasonably (Appendix, pp. A2-A3, *infra*); and (2) Petitioners asserted to the Court of Appeals that "Mobil cited no authorities which supports the result Judge Kelleher ordered—a separate trial on the issue of infringement alone," while failing to include in the record submitted to the Court of Appeals the points and authorities submitted by Mobil which sanction a separate trial of the infringement issue (Appendix, pp. A3-A4, *infra*).**

After having an opportunity to study the *complete* record before Judge Kelleher, the Court of Appeals, in its

* The Appendix to this Brief comprises the Memorandum in Support of Answer to Petition for Writ of Mandamus by Mobil Oil Corporation (Real Party in Interest) filed in the Ninth Circuit Court of Appeals on April 26, 1972.

** During oral argument, the Court of Appeals closely questioned Petitioners' counsel regarding their distortion of the record.

opinion of September 21, 1972, vacated the stay (Petition, p. 9A). On November 6, 1972, Judge Kelleher reset this case for trial limited to the issue of infringement commencing January 16, 1972. After Judge Kelleher's resetting and almost two months after the decision by the Court of Appeals, Petitioners on November 17, 1972, filed their Petition for Writ of Certiorari with this Court.

ARGUMENT

I

The Court of Appeals Did Not Sanction a Clear Abuse of Discretion.

Petitioners' motion for a complete stay was predicated on *Blonder-Tongue* v. *University of Illinois Foundation*, 402 U.S. 313 (1971). That decision permits the defense of collateral estoppel to be raised *only* when a patent has "once been declared invalid" (402 U.S. at 350). Not only have the patents here in suit not been declared invalid, but Petitioners were unable to make any showing that there was any likelihood that they would ever be held invalid. To the contrary, the record establishes that the inventions of the patents in suit are not only valid, but basic and pioneer in nature. To illustrate:

(a) Petitioner Texaco has publicly proclaimed the patented catalysts to represent "the most significant development" in the catalyst art in more than two decades (Appendix, p. A19, *infra*).

(b) In the Connecticut Action, which involves the 249 and 253 patents in suit before Judge Kelleher, defendant Grace admitted that the patented catalysts represent the greatest single advance in more than a quarter of a century;

that they promptly displaced the prior art catalyst; and that they "brought benefits and profits" to the industry which could not even be imagined prior to their advent. The further evidence in the Connecticut Action is that the patented catalysts have already created profits and savings to the oil industry of some *two billion* dollars. (See Appendix, pp. A17-A18, *infra*).

(c) Petitioners assert that the patents in suit before Judge Kelleher are "closely related" to the patents heretofore litigated before Judge Ferguson (Petition, p. 8n).* Judge Ferguson held those "closely related" patents not only to be valid but to constitute a "huge advance" in the art of producing gasoline by the "cracking" of petroleum and to have been "wholly unexpectedly achieved" and "extraordinary."

Since Petitioners' motion for a complete stay of this seven (7) year old patent infringement action was predicated on *Blonder-Tongue,* it was incumbent upon them to make a showing before Judge Kelleher that there was some likelihood that the patents here in suit were invalid. Petitioners, however, were unable to make any showing of invalidity and the only evidence of record is that the patents are valid and embody pioneer inventions. Accordingly, Judge Kelleher had no alternative but to deny Petitioners' motion for a complete stay.

Similarly, the Ninth Circuit Court of Appeals had no alternative but to find that Judge Kelleher committed no abuse of discretion in denying Petitioners' unsupported motion. Petitioners' contention that, on this record, the Court of Appeals "sanctioned a clear abuse of discretion"

* "Petition" refers to the Petition for a Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit.

(Petition, p. 2) is frivolous. Petitioners cannot rationally expect this Court to cure their fatally defective motion papers by granting a writ of certiorari.

Petitioners' attempt to rely on their offer to be bound by a holding of validity in the Connecticut Action (Petition, p. 11) is misplaced. By their offer Petitioners sought a complete stay in the consolidated actions before Judge Kelleher until after a *final* determination in the Connecticut Action, i.e., until after the district judge ruled and all appeals had been exhausted. This would have meant a further delay of several years in an action which has now been pending for more than 8 years, during which time more than 50% of the life of Mobil's valuable property rights embodied in the patents in suit has already expired. In the interim, of course, Petitioners would continue to reap enormous, windfall profits.

Thus, Petitioner Filtrol has admitted sales of the accused catalysts in an amount of some *80 million dollars* and Petitioner Texaco has admitted that it *annually* reaps more than 6 million dollars in excess profits through its use of the infringing catalysts. Those profits have now been accumulating for some 8 years. (Appendix, pp. A16-A17, *infra*.)

In view of these aggravated circumstances Respondent Mobil quite properly declined to accept Petitioners' offer and proposed instead a trial limited to the issue of infringement and a stay of trial on all other issues so that at least some minimal progress might be made towards a disposition on the merits. Since Respondent Mobil declined to accept Petitioners' unilateral offer of judgment, Judge Kelleher was *without power* to accept that offer and enter an order binding Mobil to it. *Lee* v. *Rhodes,* 227 N.C. 240,

41 S.E.2d 747, 748 (1947); *Burnaman* v. *Heaton,* 150 Tex. 333, 240 S.W.2d 288, 291 (1951); *Cranford* v. *Steed,* 268 N.C. 595, 151 S.E.2d 206, 208 (1966). To contend, as Petitioners do, that Judge Kelleher abused his discretion when he rejected an offer which he was powerless to accept is presumptuous indeed.

In short, the record before Judge Kelleher was that: the patents were not only valid but pioneer in nature; Petitioners' offer was but another attempt to further delay a 7-year-old lawsuit; Mobil was being prejudiced by the continued erosion of its valuable property rights embodied in the patents in suit; Petitioners were benefiting by their continued successful efforts to avoid a trial on the merits by reaping enormous, windfall profits; and Petitioners had presented not one scintilla of evidence that the patents were other than valid. Clearly, Judge Kelleher reached the correct result.

For the reasons stated, *Blonder-Tongue* is inapposite. Nevertheless, Petitioners assert that Judge Kelleher's order of a limited trial by itself constitutes an abuse of discretion because that limited trial might conceivably prove to be unnecessary. That assertion is legally infirm. This Court in *Ex parte Wagner,* 249 U.S. 465, 471 (1919), held that a district court properly exercised its discretion by ordering a limited trial to proceed even though, because of the pendency of a related action, the "* * * result of the litigation may possibly be such that interlocutory proceedings taken may not prove of value. * * *"

> "Mandamus * * * may not be resorted to, as the petitioners seek to resort to it here, for the purpose of controlling minor orders made in the conduct of judicial

proceedings, and the fact that the result of litigation may possibly be such that interlocutory proceedings taken may not prove of value is not a sufficient reason for calling the writ into use for the purpose of forbidding such proceedings, even though the cost of them cannot be recovered from the opposing party or even though the order cannot be reversed on error or appeal. * * *

The petitioners have misconceived the scope and applicability of the remedy of mandamus, and the rule is

Discharged and the petition dismissed." (249 U.S. at 471-472).

II

The Court of Appeals Decided the Issue Before It.

At page 15 of their Memorandum in Support of Petition for Writ of Mandamus, Petitioners framed the issue to the Court of Appeals to be whether "Judge Kelleher Committed A Clear Abuse of Discretion When He Denied Filtrol's and Texaco's Motion to Stay."

The Court of Appeals acknowledged that this was indeed the issue before it and then proceeded to decide it adversely to Petitioners:

> "The question before us is not whether we think that the judge should or should not have granted the stay, but whether his refusal to do so was abuse of discretion. After carefully reviewing the record, we cannot say that the denial of the stay amounted to such an abuse. *Blonder-Tongue* does not require that a district court with a justiciable controversy before it await the outcome of a pending action in another

district. See *Patentex, Inc.* v. *Manhattan Hosiery Corp.*, D.P.R., 1971, . . . F. Supp. . . ., 171 U.S.P.Q. 693. *Blonder-Tongue* only permits the defense of collateral estoppel to be raised once the issue of patent validity has already been *decided* in another court against the party claiming the patent; that has not occurred here." (emphasis in original) [Petition, pp. 4A-5A]

Having lost on the very issue they posed to the Court of Appeals, Petitioners now seek a writ of certiorari because the Court of Appeals failed to decide an issue *not* raised by their mandamus petition, i.e., whether Judge Kelleher's order was in fact the "optimal balance" of the various competing considerations (Petition, p. 2).

Petitioners' contention that *Blonder-Tongue required* the Court of Appeals to decide what was in fact the "optimal balance" of the various competing considerations is legally unsound. That contention flies in the face of *Blonder-Tongue* itself where this Court held that the application of the rule enunciated therein "will *necessarily* rest on the *trial court's* sense of justice and equity" (402 U.S. at 334).

Here the *trial court* carefully weighed all the competing factors and decided to proceed with a trial on infringement and to stay trial on all other issues. As found by the Court of Appeals:

> "Nevertheless, in an effort to conserve judicial resources and avoid unnecessary duplication, the [trial] judge postponed consideration of the validity question under submission to the court in Connecticut on the ground that a decision in that court against

Mobil would provide petitioners with a defense to this section [*sic*].

"However, with full recognition of the effect of *Blonder-Tongue* and the other competing considerations, the judge also decided that granting a stay of all proceedings would not promote 'economy of effort for [the court], for counsel, and for litigants.' *Landis* v. *North American Co.*, 1936, 299 U.S. 248, 254-55. Rather, that end would best be served by proceeding with a trial on the issue of infringement alone. He had before him a record which detailed seven years of delay, during which petitioners continued to reap the benefits of their alleged infringement of Mobil's claimed patents, which brought into question the financial ability of petitioner Filtrol to respond in damages to a possible award in favor of Mobil, and which revealed other relevant considerations." [Petition, pp. 5A-6A]

Having failed to raise the issue before the Court of Appeals, Petitioners would have this Court independently review the totality of the record before Judge Kelleher and make findings as to what *is fact* is the "optimal balance" of all of the competing considerations disclosed therein. We submit that no public interest would be served by such an exercise.

Conclusion

The opinion of the Court of Appeals is a thoughtfully considered and well-documented discussion of the material facts of this case and the settled law applicable to those facts. Existing precedents are followed; no new or novel principles are promulgated. It reached a correct result by

recognizing that the order of Judge Kelleher is one within the inherent power of a trial court to make in the exercise of its sound discretion. The Petition for Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit should be denied.

Respectfully submitted,

GEORGE B. FINNEGAN, JR.
JOHN A. DIAZ
J. ROBERT DAILEY
MORGAN, FINNEGAN, DURHAM & PINE
Attorneys for Respondent Mobil
345 Park Avenue
New York, New York 10022

December 15, 1972

United States Court of Appeals

For the Ninth Circuit

No. 72-1643

FILTROL CORPORATION and TEXACO, INC.,
Petitioners,

vs.

THE HONORABLE ROBERT J. KELLEHER,
United States District Judge,
Respondent.

MEMORANDUM IN SUPPORT OF ANSWER TO PETITION FOR WRIT OF MANDAMUS BY MOBIL OIL CORPORATION (REAL PARTY IN INTEREST)

I

THE RECORD FAILS TO SUPPORT THE EXTRAORDINARY RELIEF REQUESTED BY PETITIONERS.

A. Introduction

On April 12, 1972, petitioners filed a Petition for Writ of Mandamus with this Court. In connection therewith petitioners sought a stay of a patent infringement action which had already been pending for more than seven (7) years. Trial of that action was set to commence on April 18, 1972. On April 17, 1972, this Court granted a temporary stay.

B. Petitioners Seek A Writ Of Mandamus Upon A Memorandum Which Quotes Judge Kelleher Out Of Context.

Petitioners quote Judge Kelleher completely out of context in an attempt to show that his order directing a separate trial on infringement and refusing to stay the trial *in toto* was not the result of his considered deliberations, but instead was predicated solely on an arbitrary and capricious desire to rid his docket of old cases and to save time at the expense of petitioners.

In the following quotations the underlined [italicized] portions were omitted by petitioners in their Memorandum in Support of Petition for Writ of Mandamus (hereafter "Memorandum") at pages 21 and 10, respectively:

> *"The Court: Well, it probably needn't be said by the Court, but just to give expression to it: There are two very strictly conflicting attitudes that the Court has toward this case. One is that* this case ought to be tried. The fact that cases sit here with numbers like 1964 and 1966 on them in and of itself is a matter that is just distressing, and I am intending to get rid of all the '60 numbers and to do it expeditiously, just as a matter of principle and practice. *That is one side of the coin.*
>
> *"Of course, another one is that it is such a waste of judicial time and lawyers' time and everyone else's time to either relitigate those matters which need not be or, even short of that, to take the same ponderous procedures on the introduction of evidence a second time, which has been largely gone through on some other occasion.*
>
> *"Within that framework and within those two somewhat conflicting attitudes that the Court has, there is some room for advance between you, it would*

appear, and I think you should take whatever best opportunity there is to explore further the agreement that may be possible between you within that area." (R 30-31)

• • •

"*The Court would be certainly open in its own mind to at least putting you in the position, Mr. Kerr, where you perhaps would not be bound, because perhaps the Court could not do that to you as to the Connecticut outcome, but nevertheless staying the trial with respect to those matters; and another possibility, and I think this could well pose the issue in this case, the extent to which the Blonder-Tongue case could be applied here, and I would like to know what the law is as you see it in that respect.*

"*In summary, it is a matter of agreement between you as to all reasonable possibilities of agreement; and, on the other hand, there is the fact that you should bear in mind and your respective clients should know, that* the Court is disposed, A, to try this case and, B, to try as little as it has to." (R 35-36)

Editorial license of this nature is inexcusable.

C. Petitioners Seek A Writ Of Mandamus Predicated Upon A Memorandum Which Incorrectly States That There Is No Legal Precedent For Judge Kelleher's Rulings, And An Appendix Which Omits Pertinent Portions Of The Record Which Provide Specific Legal Precedent For Those Rulings.

At page 26 of their Memorandum petitioners allege:

"Mobil cited no authority which supports the result Judge Kelleher ordered—a separate trial on the issue of infringement alone.*"

"*All of the authorities relied on by Mobil relate to a trial on a narrow issue of fact, which was not intertwined with other issues in the case."

These statements are incorrect. Respondent Mobil filed points and authorities citing legal precedent authorizing a separate trial generally (R 170-174) as well as specific precedent for a separate trial on the issue of infringement alone (SR 1-4).* See, e.g., SR 3, where Mobil cited to Judge Kelleher *Foster Grant Co.* v. *Polymer Corp.*, 185 F. Supp. 619 (E.D. Pa. 1960). There, the Court held:

> "* * * Taking all of the facts of this case into consideration it would appear that in the interest of justice to both sides and in order to assure a speedy disposition of the case, *the question of infringement should first be determined,* which determination may make unnecessary any consideration by this Court of the validity of the defendants' patents vis-a-vis the Dansk processes." (emphasis supplied) [185 F. Supp. at 621]

Significantly, petitioners failed to include respondent Mobil's points and authorities (SR 1-4) in their Appendix, thereby preventing this Court from knowing that the statements at page 26 of their Memorandum were not correct.

Not only can a District Court order a separate trial on the issue of infringement, but it can even try separately a *part* of that issue. See, for example, *Aldridge* v. *General Motors Corp.*, 178 F. Supp. 839 (S.D. Cal. 1959), where the Court tried first and separately the issue of file wrapper estoppel, which governs only one aspect of infringement.

At pages 23-26 of their Memorandum, petitioners assert that in some patent cases the issues of validity and

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* The Supplemental Appendix submitted herewith includes the pertinent portions of the record not included by Petitioners in their "Appendix". Reference to the Supplemental Appendix is by "SR—".

infringement are often "intertwined" and "closely interrelated" so that they should be tried together. Here, however, petitioners have proposed to be bound separately as to validity by the decision in *Mobil Oil Corp.* v. *W. R. Grace & Co.*, Civil Action 14,589 (hereafter the "Connecticut Action").* This proposal is clearly inconsistent with their position that validity and infringement must be jointly determined. Petitioners' offer, leaving aside the condition of a complete stay, is in agreement with the applicable law, which is to the effect that where, as here, resort to interpretive doctrines to construe the claims is unnecessary, infringement is to be decided simply by comparing the accused device or composition with the claims in suit. *Graver Tank & Mfg. Co.* v. *Linde Air Products Co.*, 339 U.S. 605, 607 (1950); *Reeves Instrument Corp.* v. *Beckman Instruments, Inc.*, 444 F.2d 263, 274 (9th Cir.), *cert. denied*, —— U.S ——, 30 L.Ed. 2d 268 (1971).

II

JUDGE KELLEHER PROPERLY EXERCISED HIS DISCRETION.

A. Judge Kelleher Carefully Weighed The Alternatives Before Ordering A Separate Trial.

The facts surrounding the alleged abuse of discretion by Judge Kelleher are in themselves sufficient to expose petitioners' contentions in this regard as unfounded. As shown below, Judge Kelleher carefully weighed all of the factors bearing on all of the alternatives at several hearings prior to entering the order at issue.

* See, e.g., R 200.

1. January 31, 1972

During the hearing of January 31, 1972, counsel for petitioners herein advised Judge Kelleher of their intent to bring on a motion to stay based on the Connecticut Action and *Blonder-Tongue** (R 11-13). Judge Kelleher advised all parties that he attached great importance to the proposed motion (R 17-18). He then proceeded to question counsel so as to make certain that he understood the positions of the parties with respect to the issues for trial in the cases pending before him and how such issues might be affected by *Blonder-Tongue* and the decision in the Connecticut Action (R 19-22).

Rather than eliciting a "prediliction" [sic] to be unfair to them, as petitioners would have this Court infer at page 10 of their Memorandum, Judge Kelleher set over the trial from March 12, 1972, to April 18, 1972, to make certain that petitioners would have the time requested by them to prepare and bring on formally their perfected motion to stay (R 32, 36-37).

2. March 13, 1972

Judge Kelleher, following the hearing of January 31, 1972, received and reviewed points and authorities filed by all parties with respect to the effect of the Connecticut Action and *Blonder-Tongue* on the trial of the consolidated actions before him (R 40-194). A further hearing on petitioners' motion to stay as well as on respondent Mobil's cross motions to limit the trial to the issue of infringement was held on March 13, 1972. At this second hearing, Judge

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* *Blonder-Tongue Laboratories, Inc.* v. *University of Illinois Foundation,* 402 U.S. 313 (1971).

Kelleher again made certain that he understood the facts, the law and positions of the parties before exercising his discretion as to how to proceed (R 195-224).

For example, Judge Kelleher made further inquiry of counsel as to the expedition and economy that would result from trying the issue of infringement first and separately (R 199-203), as well as the prejudice which might result from a total stay (R 216-218). Judge Kelleher also fully considered petitioners' offer to be bound by the decision in the Connecticut Action (R 200-202, 214-215, 218) and the applicability of *Blonder-Tongue* (R 205-207). Rather than making up his mind precipitantly, Judge Kelleher took all motions under submission following the hearing on March 13, 1972 (R 222-223).

On March 24, 1972, Judge Kelleher, having heard oral argument which amounted to some 38 pages on January 31, 1972 (R 1-39), and 29 pages on March 13, 1972 (R 195-224), and having weighed the facts, the law and the arguments of all parties (R 40-182), ordered that trial in the consolidated actions before him should proceed on the limited issue of infringement on April 18, 1972 (R 183-184).

3. April 11, 1972

Following Judge Kelleher's order of March 24, 1972, petitioners waited twelve (12) days, i.e., until April 5, 1972, before moving for certification pursuant to 28 U.S.C. Sec. 1292(b) [R 185-194]. On April 11, 1972, Judge Kelleher held a hearing on that motion prior to making a ruling thereon (SR 18-65). Once again, Judge Kelleher took the motion under submission along with the points and authorities cited by all parties. Because of the request of all

parties for an early decision, Judge Kelleher entered his order denying the motion for certification that same afternoon (SR 66-67).

The transcripts of these hearings refute petitioners' allegation that Judge Kelleher abused his discretion in ordering trial of this action to proceed on the issue of infringement. They establish that Judge Kelleher gave the most careful consideration to the motions before him in the course of exercising his discretion and that he neither exceeded his lawful jurisdiction nor failed to exercise his authority.

III

MANDAMUS DOES NOT LIE AS A MATTER OF LAW.

A. Mandamus Lies Only To Confine A Lower Court To Proper Exercise Of Its Jurisdiction Or To Compel It To Exercise Its Authority.

The United States Supreme Court in the case of *Will* v. *United States*, 389 U.S. 90 (1967), considered the use by a Court of Appeals of a writ of mandamus to regulate the actions of a United States District Judge. The Supreme Court made clear that such a writ is a "drastic and extraordinary" remedy (p. 106); that it places a District Judge in an "extremely awkward" position (p. 107); and that mandamus may not be used as a substitute for appeal (p. 104).

The Supreme Court in the *Will* case further held:

> "Both parties have devoted substantial argument in this Court to the propriety of petitioner's order.

In our view of the case, however, it is unnecessary to reach this question. The preemptory writ of mandamus has traditionally been used in the federal courts only 'to confine an inferior court to a lawful exercise of its prescribed jurisdiction or to compel it to exercise its authority when it is its duty to do so.' * * * While the courts have never confined themselves to an arbitrary and technical definition of 'jurisdiction,' it is clear that only exceptional circumstances amounting to a judicial 'usurpation of power' will justify the invocation of this extraordinary remedy. * * *" [389 U.S. at 95]

* * *

"* * * And the party seeking mandamus has 'the burden of showing that its rights to issuance of the writ is "clear and indisputable."' * * *" [389 U.S. at 96]

* * *

"The preemptory common-law writs are among the most potent weapons in the judicial arsenal. 'As extraordinary remedies, they are reserved for really extraordinary causes.' * * *" [389 U.S. at 107]

The *Will* case involved a District Judge's ruling made under the Federal Rules of Criminal Procedure. Here we are concerned with a District Judge's rulings under the Federal Rules of Civil Procedure, a clearly analogous situation. Judge Kelleher has made two rulings, one ordering a separate trial on the issue of patent infringement and the other refusing to stay the trial of the action *in toto*. Each ruling, as shown below, was within his jurisdiction and he did not fail to exercise his authority. For those reasons alone, mandamus does not lie. *Will* v. *United States, supra.*

Totally consistent with the foregoing is the fact that petitioners failed to cite a single authority holding that

a writ of mandamus will issue against a District Judge who orders a separate trial of a separate issue pursuant to Rule 42(b), F.R.C.P.

B. The Order Of A Separate Trial Does Not Constitute An Abuse Of Discretion.

Rule 42(b), F.R.C.P., specifically confers upon a District Judge the jurisdiction to order a separate trial of a separate issue. That Rule provides in part as follows:

> "* * * The court, in furtherance of convenience or to avoid prejudice, or when separate trials will be conducive to expedition and economy, may order a separate trial of any claim * * * or of any separate issue * * *." [Rule 42(b), F.R.C.P.]

Under this Rule, Judge Kelleher ordered the separate trial of the issue of infringement, an issue which if determined in favor of petitioners will be dispositive. An order for separate trial of such issue is, of course, proper, even though a decision in favor of respondent Mobil on that issue would not conclude the case. *Rossano* v. *Blue Plate Foods, Inc.*, 314 F.2d 174 (5th Cir.), *cert. denied*, 375 U.S. 866 (1963).

In the *Rossano* case, the Court upheld the order of a separate trial of such an issue and said at page 176:

> "The validity of the trial Court's call for limited trial is not dependent, of course, on the actual conclusion of the entire case on that single issue. In limiting the proof to one matter, there is never a requirement that the Court's recognition of serious issues before trial be ultimately resolved after such trial in favor of the party who first suggested the existence of

> the issue. It is enough that there be on the record at the time a substantial issue of fact which, if determined in favor of defendant, will eliminate expense for all concerned without prejudicing the rights of the parties."

In *Richmond* v. *Weiner*, 353 F.2d 41 (9th Cir. 1963), *cert. denied*, 384 U.S. 928 (1966), this Court recognized that the grant of a separate trial rests solely with the discretion of the District Judge. In *Richmond*, this Court said:

> "A federal trial court in its discretion may upon its own motion properly separate an issue from others and confine the introduction of evidence to that separate issue alone if the court in the exercise of reasonable discretion thinks that course would save trial time or effort or make trial of other issues unnecessary. * * *" [353 F.2d at 44]
>
> * * *
>
> "* * * Whether there should be severance and separate trial of an issue is primarily a question concerning the Court's trial procedure and convenience, not a question concerning the merits of the case. * * *" [353 F.2d at 45]

Separate trial of a separate issue pursuant to Rule 42(b) may be ordered in patent cases as well as all other cases. *Foster Grant Co.* v. *Polymer Corp.* and *Aldridge* v. *General Motors Corp.*, *supra*.

There is nothing in the record that indicates Judge Kelleher acted arbitrarily or refused to exercise any discretion in ordering a separate trial of the infringement issue. The record is to the contrary. Judge Kelleher gave the most careful consideration to all factors involved, including trial time and effort, the necessity of trial of other

issues, the offer of petitioners to be bound by a holding of validity in the Connecticut Action, the prejudice of further delay, the hardship on the parties, and the expedition and economy that could be effected (R 1-39, R 195-224, SR 18-63). Only then did Judge Kelleher exercise his reasonable discretion and provide for a separate trial on the issue of infringement.

The following language of the Supreme Court is the *Will* case is apposite.

> "• • • Thus, the most that can be claimed on this record is that petitioner [the District Judge] may have erred in ruling on matters within his jurisdiction • • •. But '[t]he extraordinary writs do not reach to such cases; they may not be used to thwart the congressional policy against piecemeal appeals.' • • • Mandamus, it must be remembered, does not 'run the gauntlet of reversible errors.' • • • Its office is not to 'control the decision of the trial court,' but rather merely to confine the lower court to the sphere of its discretionary power. • • •" [389 U.S. at 103-104]

C. An Order Denying A Total Stay Does Not Constitute An Abuse Of discretion.

No authority is needed for the proposition that a District Judge has jurisdiction to regulate his docket. This Court has held that a District Judge may order a case to trial over the objections of one of the parties and that such an order is the type of interlocutory ruling which is not reviewable by mandamus. *Anderson* v. *McLaughlin*, 263 F.2d 723 (9th Cir. 1959).

In *Anderson*, three cases had been filed against the petitioner in the District Court. All three cases involved

the same issue which the petitioner contended was "novel" and "unknown to the common law". One case had been tried, judgment entered against the petitioner on said novel theory and was on appeal to this Court. The District Judge refused to postpone trial of the other two actions, pending the disposition of the appeal in the first action. The petitioner sought a writ of mandamus from this Court to prevent the District Judge from proceeding further. He contended that the District Judge's refusal to stay the cases constituted a gross abuse of discretion because "• • • it would be a serious hardship upon him to defend the latter suits at the present time and that his efforts would be wasted in the event that a favorable decision in the Knox appeal should result in dismissal of these suits" (p. 724). This Court denied the petition and stated:

> "• • • 'It is evident that hardship is imposed on parties who are compelled to await the correction of an alleged error at an interlocutory stage by an appeal from a final judgment. But such hardship does not necessarily justify resort to certiorari or other of the extraordinary writs as a means of review.' • • •"
>
> • • •
>
> "The instant petition fails to disclose circumstances which would compel exercise of our supervisory power of mandamus. *The decisions of the District Court in calendaring the Rolph and Girton cases for trial seem clearly the type of interlocutory rulings which should not be reviewed by this Court merely because the petitioner might incur unnecessary hardship if he is forced to trial at the present time.* Whether postponement might not work greater hardship on Rolph and Girton than would immediate trial on Anderson, whether the facts of the untried cases will indeed require application of the same novel theory

allegedly invoked in Knox, and even whether the chances of reversal in Knox on a ground which would affect the outcome of the suits by Rolph and Girton are substantial enough to warrant delay, are the considerations which must underly any decision as to the proper time for trying these cases. These considerations can best be weighed and resolved by the District Court. We feel, in short, that the Congressional policy against piecemeal appeals except by prescribed procedures dictates that one decision on Anderson's request for delay must suffice" (emphasis supplied). [263 F.2d at 725]

As the transcripts of the proceedings below show, Judge Kelleher carefully considered and weighed the merits of granting or withholding a stay. After such careful consideration, he exercised his discretion on a matter within his jurisdiction and denied a stay. His ruling being within the "sphere of his discretionary power," mandamus cannot be used to "• • • 'control the decision of the trial court' • • •" under such circumstances. *Will* v. *United States, supra,* at page 104.

IV

THE *BLONDER-TONGUE* "ISSUE"

The case of *Blonder-Tongue* establishes the principle that a judgment declaring a patent invalid shall, absent exceptional circumstances, estop the patentee from bringing a second action for infringement of the same patent. *Blonder-Tongue, supra,* at 351.

The *Blonder-Tongue* case is not applicable here. The patents in issue here "have not once been declared invalid."

The question of the validity of two of the three patents* in issue here has been tried in the Connecticut Action, but no judgment has yet been handed down there.

Petitioners urge, however, that Judge Kelleher abused his discretion by not staying the actions before him pending a judgment in the Connecticut Action. Petitioners' point appears to be that Judge Clarie in Connecticut will at some future time enter a judgment determining whether the patents are valid and that said judgment, after it becomes final, i.e., after an appeal, would, if the judgment be that the patents are invalid, render the trial of the infringement issue before Judge Kelleher unnecessary.

If the patents are finally held to be valid in the Connecticut Action, however, *Blonder-Tongue* would not apply to eliminate a second trial on the issue of validity. Taking advantage of this defect in the *Blonder-Tongue* philosophy, the petitioners offered to make a bargain with Judge Kelleher. If he would grant a stay until the Connecticut Action was disposed of on *appeal*, and thereby add further to the delay in this seven-year old case, they would, in turn, agree to be bound if a final judgment in the Connecticut Action determined the patents to be valid.

The bargain proposed contained a warning: if Judge Kelleher did not accept petitioners' offer but instead held a trial on the infringement issue now, the petitioners, in

* Petitioners at pages 4-5 of their Memorandum, indulge in a self-serving rephrasing of respondent Mobil's position with respect to the 418 patent, which is not at issue in the Connecticut Action but is in suit here. Respondent's actual position is set forth at R 169. The further statement by petitioners that "a holding of invalidity with respect to the 249 patent would also dispose of Mobil's cause of action for infringement of 418" is flatly wrong as a matter of law.

the event the patents were held valid in the Connecticut Action, would withdraw their agreement to be bound by that decision and would demand a full trial of the validity issue here. They would, under such circumstances, insist on such a trial even though counsel in the Connecticut Action is the *same* as counsel for petitioners here, the issues in the Connecticut Action are the *same* as the issues here, the evidence relied on in the Connecticut Action to establish invalidity is the *same* as that to be relied on here, and the *same* expert will testify here on behalf of the petitioners who testified on the behalf of the defendant in the Connecticut Action.

Judge Kelleher, in the exercise of his discretion, considered the offer together with the delay built into it, rejected petitioners' offer and ordered the case to trial on the issue of infringement.

Judge Kelleher, in making his decision, had to weigh several competing interests:

1. If he accepted petitioners' offer, no trial would be required on the validity issue because:

(a) under *Blonder-Tongue,* a decision of invalidity would be binding, and

(b) a decision on validity would likewise be binding because of petitioners' offer.

2. If he accepted petitioners' offer, trial of the infringement issue would be delayed for several years, and respond-

ent Mobil would be further prejudiced and petitioners further benefited thereby.*

3. If Judge Kelleher rejected petitioners' offer, the infringement issue could be tried quickly and the prejudice caused respondent Mobil by further delay of the trial of that issue could be avoided.

4. The strong probability is that the patents will be held valid in the Connecticut Action. They are presumed to be valid, and petitioners have produced nothing which would indicate that the patents would be found invalid in the Connecticut Action or that the presumption of validity (35 U.S.C. 282) could be overcome.** In fact, everything before Judge Kelleher indicates that the patents are valid. To illustrate:

(a) the validity and scope of the Mobil patents in suit have been recognized by all other manufacturers of cracking catalysts in the United States except petitioner Filtrol here and defendant W. R. Grace & Co. in the Connecticut Action (R 97).

(b) the record in the Connecticut Action establishes that the patents in suit are pioneer and basic in nature. They cover a tremendous technical "breakthrough" in the art of petroleum refining. The "zeolite" or "molecular sieve"

* Delay has served the petitioners well in the market place. Petitioner Filtrol has admitted that its sales of the accused catalysts amount to eighty million ($80,000,000.00) dollars. Petitioner Texaco has admitted that the accused catalysts produce for it increased profits of over six million ($6,000,000.00) dollars per year—and those profits have now been accumulating for over seven years.

** In *Blonder-Tongue* itself, the Supreme Court gave recognition and vitality to the legal presumption that a patent is valid. 402 U.S. at 335.

cracking catalysts protected by the patents in suit revolutionized the refining art by producing *twenty percent more gasoline* per barrel of oil than was produced by any prior catalyst or process. Such catalyst have already created profits and savings to the oil industry of some *two billion dollars* (R 93-95, R 98-108).

(c) the extraordinary value and uniqueness of the patented catalysts is established by the repeated admissions by defendant Grace in the Connecticut Action extolling their virtues. These admissions are of record here (R 92-128) as well as in the Connecticut Action and constitute, in effect, a concession that the patents are valid.

> "Although it has been a quarter of a century since the original commercialization of the fluid catalytic cracking process, no single catalyst advance in all this time can match that of the past two years, the development of the zeolitic fluid cracking catalyst." (R 119)
>
> * * *
>
> "Prior to '64 all but a small fraction of refinery units were using amorphous, alumina-silica catalysts for cat cracking. By 1969 approximately 85% of all refineries had converted to some kind of crystalline, molecular sieve type catalyst." (R 112)
>
> * * *
>
> "The events which brought about this rapid change began in May 1962, when Socony Mobil announced a new bead cracking catalyst. * * *" (R 126)
>
> * * *
>
> "In effect, the advent of Zeolite Catalysts brought benefits and profits to the refinery that few of us could have imagined before 1960." (R 106)

(d) petitioner Texaco, one of the world's largest refiners and a customer of both Grace and petitioner Filtrol, has admitted in this action:

> "The most significant development in cracking catalysts has come in the 1960's. This was the inclusions of crystalline aluminosilicates, known as zeolites, and rare earths in a composite with silica-alumina to achieve higher activities and greater selectivity."

(e) petitioners were unable to make any showing of any likelihood that the patents in the Connecticut Action (two of which are here in suit) will be there held invalid or unenforceable so as to bar respondent Mobil's right to proceed with the present action.*

5. If the patents are held valid in Connecticut, which as pointed out above, is most probable, the very same infringement issue ordered by Judge Kelleher to be tried on April 18, 1972 would have to be tried some two years or so later and no judgment determining the whole controversy could be entered until validity had been resolved in accordance with the offer of the petitioners, if such offer was accepted.

6. On the other hand, infringement could be dispositive of the instant cases for if it were found that there was no

* At pages 15-19 of their Memorandum, petitioners attempt to imply that patent interference law in some way bars respondent Mobil's right to maintain this action. The authorities there relied upon relate to staying an infringement suit pending the outcome of a Patent Office Interference proceeding to determine the patentee's title to the patent in litigation. The inapplicability of these authorities is manifest from the facts that none of the patents here in suit are or have ever been involved in an interference proceeding and petitioners have stipulated respondent Mobil's title to the patents in suit.

infringement, a judgment dismissing the complaints could be entered.

7. If the petitioners' offer were rejected, a trial had and infringement found, Judge Kelleher could, upon entry of a judgment in the Connecticut Action upholding validity, proceed to try the validity issue here, assuming that petitioners would, under the circumstances, decide to renounce their offer completely and insist upon such a trial. Even that procedure would result in a resolution of the entire case within a few months following judgment in the Connecticut Action. It would obviously speed up the final disposition of the case and would enable Judge Kelleher to enter a full judgment in the relatively near future in a case which now has been pending for over seven years.

Judge Kelleher balanced these competing interests and, in the exercise of his discretion, determined to try the issue of infringement. In doing so, he admittedly took the risk that the five days required for the trial of the infringement issue might ultimately prove to have been unnecessary in the event of an adverse decision on the issue of validity in the Connecticut Action. That risk, it is to be emphasized again, if it exists at all, is minimal.

In making his rulings, Judge Kelleher took a similar risk that a trial on the issue of validity, which would not otherwise be required if he accepted petitioners' offer and stayed the trial, would be required if he rejected the offer. That risk, too, we submit, is minimal, for it is difficult to believe that counsel of the standing of petitioners' counsel, after having agreed, in effect, that the decision in the Connecticut Action would be correct on the issue of validity

whichever way it went, would, in the face of that decision and overwhelming proof of validity demand a second full trial here on validity.

Judge Kelleher obviously gave considerable thought to these competing interests before he exercised his reasonable discretion and granted a separate trial on the issue of infringement and denied the dilatory stay sought by petitioners.

The fact that *Blonder-Tongue* might make the trial of the issue of infringement unnecessary does not require that the second action be stayed. Such an interpretation would place all burdens of the contingency on the patentee. In addition, the possibility of "an act of God" making it impossible for a judgment to be entered in the first action should not be ignored, and in any event, that risk should not be borne entirely by the patentee.

The Supreme Court in *Blonder-Tongue* did not purport to change Rule 42, F.R.C.P., or to provide an exception thereto for patent cases. Neither the spirit nor the language of that case indicates that the Supreme Court intended its opinion to deprive the trial judge of his discretion to make rulings, such as those made by Judge Kelleher here. All *Blonder-Tongue* really amounts to as applied to the present case is that it is just one more factor a trial judge should consider in exercising his discretion. Judge Kelleher so considered it here (see, e.g., R 11-13, 205-207).

We recognize that there may be a case where a trial judge might wish to exercise his discretion to stay the second case because of the possible *Blonder-Tongue* effect.

That would be a case, however, where the defendant in the second action by an appropriate motion or some other recognized procedure could establish that the *probability* of invalidity was great. In such a case, it might appear that a stay order would be a better exercise of discretion than an order requiring the trial of a separate issue. The fact that a stay might be a "better exercise" of discretion on some other record, however, does not mean that an order to the contrary on the unique facts of this record is an abuse of discretion.

V

NO CONSTITUTIONAL ISSUE IS RAISED BY THE PETITION FOR MANDAMUS.

At pages 27-30 of their Memorandum, petitioners attempt to bootstrap their contention of abuse of discretion under Rule 42(b), F.R.C.P., with an allegation of constitutional error. Petitioners allege that there is no actual "case" or "controversy" between the parties on the issue of infringement. They neglect to mention that they filed declaratory judgment counterclaims for non-infringement (SR 33-34). If respondent Mobil prevails below on infringement, then an order dismissing those counterclaims would in fact be "specific relief."

In any event, any constitutional questions which may be raised by the proceedings below are the proper subject for review on appeal, not mandamus. *Will* v. *United States*, 389 U.S. 90, 96-97 (1967).

VI

CONCLUSION

The Petition for a Writ of Mandamus should be denied because petitioners have failed to make a case for this extraordinary remedy.

The relief prayed for by respondent Mobil in its Answer should be granted.

Respectfully submitted,

ARMSTRONG & LLOYD

By _____

ORVILLE A. ARMSTRONG
Attorneys for Respondent
Mobil Oil Corporation
(Real Party In Interest)

Of Counsel:
MORGAN, FINNEGAN, DURHAM & PINE
GEORGE B. FINNEGAN, JR.
JOHN A. DIAZ
GEORGE P. HOARE, JR.
J. ROBERT DAILEY
345 Park Avenue
New York, New York 10022

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